

GENESEE INTERMEDIATE SCHOOL DISTRICT

FLINT, MICHIGAN

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

October 11, 2006

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Genesee Intermediate School District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Genesee Intermediate School District, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Genesee Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Genesee Intermediate School District as of June 30, 2006, and the respective changes in financial position, and cash flows, (where applicable), thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated October 11, 2006 on our consideration of the Genesee Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and information on pages II - XI, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee Intermediate School District's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf, P.C.
LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

The Management Discussion and Analysis, a requirement of GASB 34, is intended to be the Genesee Intermediate School District's administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Fund Financial Statements and District Wide Financial Statements.

Fund Financial Statements:

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Special Education and Vocational Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

Proprietary funds use the accrual basis of accounting, the same as on the government-wide statements, therefore the statements will essentially match the business-type activities portion of the government-wide statements.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

District Wide Financial Statements: (Continued)

These two statements report the Genesee Intermediate School District net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompasses all of the School District’s services, including instruction, support services. Property taxes, unrestricted State aid, and State and federal grants finance most of these activities.

The School District as Trustee – Reporting the School District’s Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

SUMMARY OF NET ASSETS:

The following summarizes the net assets at the fiscal years ended June 30, 2006 and 2005:

	(IN MILLIONS)					
	GOVERNMENTAL		BUSINESS-TYPE			
	ACTIVITIES		ACTIVITIES		TOTAL	
	2006	2005	2006	2005	2006	2005
Current Assets	\$44.8	\$45.2	\$4.3	\$1.9	\$49.1	\$47.1
Noncurrent Assets	8.3	9.2	8.2	7.7	16.5	16.9
Total Assets	\$53.1	\$54.4	\$12.5	\$9.6	\$65.6	\$64.0
Current Liabilities	8.5	7.0	0.2	0.2	8.7	7.2
Noncurrent Liabilities	1.4	2.2	0.0	0.0	1.4	2.2
Total Liabilities	\$9.9	\$9.2	\$0.2	\$0.2	\$10.1	\$9.4
Net Assets						
Invested in Capital Assets – Net of Debt	6.4	7.2	8.2	7.7	14.6	14.9
Restricted	7.9	6.9	0.0	0.0	7.9	6.9
Unrestricted	28.9	31.2	4.0	1.7	32.9	32.9
<u>TOTAL NET ASSETS</u>	<u>\$43.2</u>	<u>\$45.3</u>	<u>\$12.2</u>	<u>\$9.4</u>	<u>\$55.4</u>	<u>\$54.7</u>

This year as well as last year, the District is able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental and business-type activities.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2006 and 2005, the District wide results of operations were:

	(IN MILLIONS)					
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$2.4	\$2.3	\$12.4	\$10.5	\$14.8	\$12.8
Operating Grants and Contributions	25.0	26.2	0.0	0.0	25.0	26.2
General Revenues:						
Property Taxes	39.5	37.2	0.0	0.0	39.5	37.2
Grants and State Aid	23.3	22.0	0.0	0.0	23.3	22.0
Other	1.1	1.7	2.8	1.2	3.9	2.9
Total Revenues	<u>\$91.3</u>	<u>\$89.4</u>	<u>\$15.2</u>	<u>\$11.7</u>	<u>\$106.5</u>	<u>\$101.1</u>
Functions/Program Expenses:						
Instruction	19.0	16.5	0.0	0.0	19.0	16.5
Support Services	34.9	37.0	0.0	0.0	34.9	37.0
Community Services	0.4	0.3	0.0	0.0	0.4	0.3
Depreciation and Other	0.6	0.5	0.0	0.0	0.6	0.5
Local District Services	0.0	0.0	12.3	9.8	12.3	9.8
Total Expenses	<u>\$54.9</u>	<u>\$54.3</u>	<u>\$12.3</u>	<u>\$9.8</u>	<u>\$67.2</u>	<u>\$64.1</u>
Excess Before Transfers	<u>\$36.4</u>	<u>\$35.1</u>	<u>\$2.9</u>	<u>\$1.9</u>	<u>\$39.3</u>	<u>\$37.0</u>
Transfers to Local Districts	<u>38.5</u>	<u>39.3</u>	<u>0.0</u>	<u>1.0</u>	<u>38.5</u>	<u>40.3</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(\$2.1)</u>	<u>(\$4.2)</u>	<u>\$2.9</u>	<u>\$0.9</u>	<u>\$0.8</u>	<u>(\$3.3)</u>

FINANCIAL ANALYSIS

Analysis of Financial Position:

During the year ended June 30, 2006, the District's Total Net Assets increased by \$735,720 to a total of \$55,398,992. The largest portion of the net assets are the District's investment in capital assets. Net assets (invested in capital assets, net of related debt) decreased by \$213,721 during the year due to depreciation exceeding purchases of new capital assets and principal payments on related debt. The districts Unrestricted Net Assets decreased by \$27,472 during the year and the restricted portion of the net assets increased by \$976,913. The restricted Net Assets consist of the restricted debt retirement funds that may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects. The unrestricted net assets may be used to fund the educational services provided to students.

Analysis of Results of Operations

The district's overall revenues exceeded its expenses for the year by \$735,720. The total revenues increased by \$4,545,252. The major change was increases in property taxes, state aid and additional grant funds awarded. Expenditures increased by \$418,698. There major changes are a result of increases in instructional expenditures supporting grants and local district services and a decrease of pass-throughs to local districts. Account number restructuring, based on the new guidelines in the Michigan Department of Education 1022 Accounting Manual, plays a significant role in this shift of expenditures.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The district's general fund is the chief operating fund of the district. Fund balance for the general fund decreased by \$690,329 during the year coming primarily from a decrease in cash. Revenues for the year increased by \$733,333 primarily a result of increases in property taxes, investment earnings and federal grants. Expenditures and other financing uses increased by \$1,091,726, primarily a net result of switching to a less expensive health insurance plan, increased employer retirement costs and the reevaluation of internal charges for support services. The major sources of general fund revenues are state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 81)

The State of Michigan aid provided under Section 81 of the State Aid Act provides the majority of state aid to the District's General Fund. Funding to the District under Section 81 is provided to comply with the requirements of the State Aid Act and to provide technical assistance to local districts as authorized by the intermediate school board. Funding under Section 81 was \$4,139,132 for the fiscal year with no change from prior year

2. Property Taxes Levied For General Operations (General Fund Homestead and Non-Homestead Taxes)

The District levies 0.1636 mills of property taxes for operations (General Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's property tax revenue for the 2005-2006 fiscal year was \$2,480,806. An increase of \$760,437 from the prior year.

Special Education Fund

Unreserved fund balance for the special education fund decreased by \$1,017,667 during the year with the decrease coming primarily from a reduction in cash. Revenues for the year increased by \$1,283,303 primarily from increases in property taxes and state aid. Expenditures and other financing uses decreased by \$646,888, primarily due to the net result of controlling expenditures, switching to a less expensive health insurance plan, increased employer retirement costs, and decreases in transfers to local districts for Act 18 payments and Medicaid. The major sources of special education revenues are Federal grants, state aid and taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Section 51)

The State of Michigan aid provided under Section 51 of the State Aid Act provides the majority of state aid to the District's Special Education Fund. Funding to the District under Section 51 is provided to reimburse the District for unreimbursed costs of special education programs, services and special education personnel. Funding under Section 51 was \$11,273,531 for the fiscal year an increase of \$895,149 from the previous year.

2. Property Taxes Levied For Special Education

The District levies 2.4091 mills of property taxes for operations (Special Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's property tax revenue for the 2005-2006 fiscal year was \$26,400,817. An increase of \$1,111,202 from the prior year.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

Career Technical Education Fund

Unreserved fund balance for the career technical education fund decreased by \$627,558 during the year with the decrease coming primarily from a reduction in cash. Revenues for the year increased by \$790,108 primarily from the increases in property taxes and state aid. Expenditures and other financing uses decreased by \$110,953, primarily due to the net result of a decrease in the transfers to other funds in support of the GASC transportation consortium, and increased transfers to local districts. The major source of career technical education revenues is taxes. An analysis of the major revenue sources is as follows:

1. State of Michigan Aid (Sections 61 and 62)

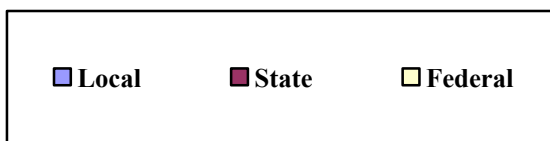
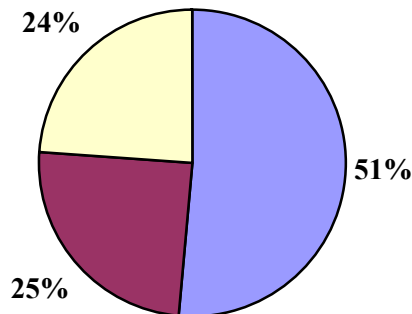
The State of Michigan aid provided under Sections 61 and 62 of the State Aid Act provides the majority of state aid to the District's Vocational Education Fund. Funding to the District under Sections 61 and 62 is provided to reimburse, on an added cost basis, the District for unreimbursed costs of its vocational-technical education center and vocational-technical programs and services. Funding under Sections 61 and 62 was \$2,354,784 for the fiscal year an increase of \$266,557 from the previous year.

2. Property Taxes Levied For Vocational Education

The District levies 0.9634 mills of property taxes for operations (Vocational Education Fund) on Homestead and Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's non-homestead property tax revenue for the 2005-2006 fiscal year was \$10,534,699. An increase of \$421,672 from the prior year.

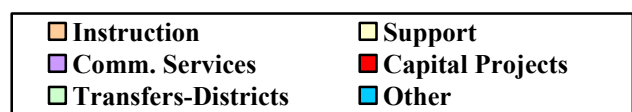
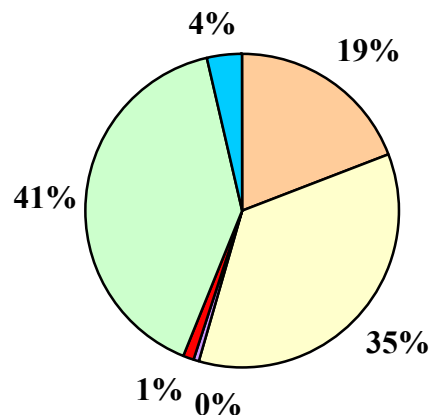
Revenues by Source – Governmental Activities

Total Revenues = \$93,938,276



Expenses by Source – Governmental Activities

Total Expenses = \$95,294,491



GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

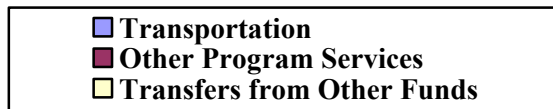
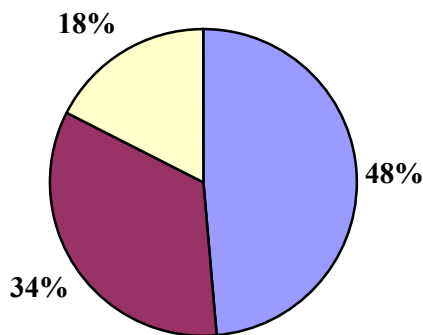
FINANCIAL ANALYSIS OF BUSINESS-TYPE ACTIVITIES

Enterprise fund

Net assets for the enterprise fund increased by \$2,878,191 during the year with the increase coming primarily from a increase in investment in capital assets, net of related debt. Revenues for the year increased by \$3,580,670 primarily a net result from transfers from other funds, including the Vocational Educational Building & Site Fund for the future purchase of buses for the GASC transportation consortium, and the delay of expenditures of GenNET III capital dollars. Expenditures and other financing uses increased by \$901,334 primarily due to increases in salaries and benefits, the expansion of the GASC transportation consortium and depreciation.

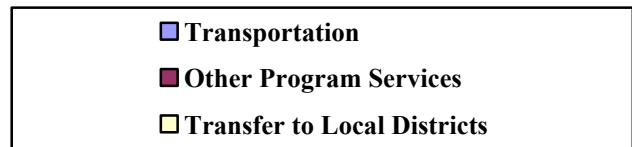
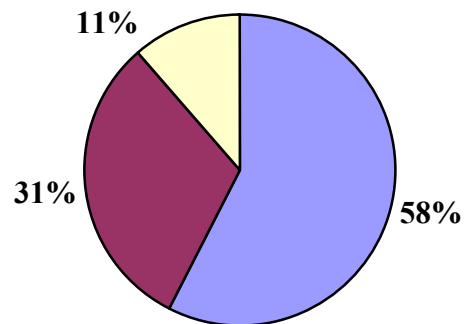
Revenues by Source – Business-Type Activities

Total Revenues = \$15,232,506



Expenses by Source – Business-Type Activities

Total Expenses = \$ 12,354,315



GENERAL FUND BUDGETARY HIGHLIGHTS:

GENERAL FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenue	\$14,792,464	\$16,252,340	\$16,198,957	9.87	0.33
Expenditures	17,095,156	18,004,654	16,889,286	5.32	6.19
<u>TOTAL</u>	<u>(\$2,302,692)</u>	<u>(\$1,752,314)</u>	<u>(\$690,329)</u>		

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

SPECIAL EDUCATION FUND BUDGETARY HIGHLIGHTS:

SPECIAL EDUCATION FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final Budget %
Revenue	\$58,534,148	\$63,008,549	\$62,076,829	7.64	1.48
Expenditures	61,683,996	63,937,269	63,094,496	3.65	1.32
<u>TOTAL</u>	<u>(\$3,149,848)</u>	<u>(\$928,720)</u>	<u>(\$1,017,667)</u>		

CAREER TECHNICAL EDUCATION FUND BUDGETARY HIGHLIGHTS:

CAREER TECHNICAL EDUCATION FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Original & Final <u>Budget %</u>	Variance Actual & Final Budget %
Revenue	\$14,508,205	\$15,109,149	\$14,852,075	4.14	1.70
Expenditures	15,230,769	15,926,905	15,479,633	4.57	2.81
<u>TOTAL</u>	<u>(\$722,564)</u>	<u>(\$817,756)</u>	<u>(\$627,558)</u>		

ANALYSIS OF BUDGETS:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Genesee Intermediate School District amends its budget during the school year. The June, 2006 budget amendment was the final budget for the fiscal year. Significant budget variations were as follows:

Original Budget vs. Final Budget

General Fund

Revenues: The general fund proposed budget estimated revenues at \$14.8 million dollars. The estimated revenue was adjusted to \$16.3 million dollars. The significant adjustments were a result of new grant awards and deferred grant awards utilized during the year.

Expenditures: The general fund adopted expenditures were budgeted at \$17.1 million dollars. The final amendment for general fund was \$18 million dollars. The significant adjustments were a result of grant awards in support of the Health, Safety and Nutrition department and the utilization of deferred revenue from the prior fiscal year.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

ANALYSIS OF BUDGETS: (Continued)

Special Education Fund

Revenues: The special education fund proposed budget estimated revenues at \$58.5 million dollars. The estimated revenue was adjusted to \$63 million dollars. The original budget under estimated the local funding for property tax revenue as a result of a higher taxable value, state funding reimbursement for the Special Education Transportation Consortium expenditures and increased federal funding for IDEIA.

Expenditures: The special education fund adopted expenditures were budgeted at \$ 61.7 million dollars. The final amendment for the special education fund was \$65.7 million dollars. The significant adjustments were a net result of the reevaluation of district wide charges and the increased federal grant awards.

Career Technical Education Fund

Revenues: The career technical education fund proposed budget estimate revenues at \$14.5 million dollars. The estimated revenue was adjusted to \$15.1 million dollars. The original budget under estimated the local funding for property tax revenue as a result of a higher taxable value, income from deposits and investments and state funding for intermediate state aid.

Expenditures: The career technical education fund adopted expenditures were budgeted at \$15.2 million dollars. The final amendment for the career technical education fund was \$15.9 million dollars. The significant adjustments were a net result of the reevaluation of district wide charges, increased support for the GASC Transportation Consortium, the restructuring of account numbers to comply with the requirements in the Michigan Department of Education 1022 Accounting Manual .

Actual Results vs. Final Budget

General Fund

Revenues: The general fund actual revenue was \$16.2 million dollars. The final budget was estimated at \$16.3 million dollars. The variance between the actual and final budget was due to the deferral of Local, State and Federal Grants received in the current fiscal year.

Expenditures: The final budgeted expenditures and other financing uses for the general fund were \$18 million dollars. The actual expenditures were \$16.9 million dollars. The variance was due to the anticipation of fully expending grant revenue within the fiscal year. The expenditures will be incurred in the next fiscal year.

Special Education Fund

Revenues: The special education fund actual revenue was \$62 million dollars. The final budget was estimated at \$63 million dollars. The variance between the actual and final budget was due to the delinquency of personal property taxes, tax tribunal adjustments, under projection of Section 56 Special Education Millage Equalization from state sources and the deferral of Federal Grants received in the current fiscal year.

Expenditures: The final budgeted expenditures and other financing uses for the special education fund were \$64 million dollars. The actual expenditures were \$63 million dollars. The variance was due to not fully expending allocations at the program level and over projecting the costs for internal services. Expenditures under the Community Services exceeded the budget in excess of the 1% variable allowed by the Michigan Department of Education. This is a result of having to reclassify invoices from a community agency under a grant from a sub recipient to a contracted services line item resulting in a function code change.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Actual Results vs. Final Budget (Continued)

Career Technical Education Fund

Revenues: The career technical education fund actual revenue was \$14.9 million dollars. The final budget was estimated at \$15.1 million dollars. The variance between the actual and final budget was due to the delinquency of personal property taxes, tax tribunal adjustments and the under projection of Section 62 Vocational Education Millage Equalization revenue from state sources.

Expenditures: : The final budgeted expenditures and other financing uses for the vocational education fund were \$15.9 million dollars. The actual expenditures were \$15.5 million dollars. The variance was due to fully budgeting the Skill Center transfer based on anticipated tax collections, and local districts not fully drawing down CTE improvement and EDP allocations.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-01-05	Increases 6-30-06	Principal Payments 6-30-06	Principal Balance 6-30-06
<u>Governmental Activities</u>				
Bonds Payable	\$2,012,647	\$0	\$152,488	\$1,860,159
Compensated Absences Payable	292,060	0	5,157	286,903
<u>Total Governmental Activities</u>	<u>\$2,304,707</u>	<u>\$0</u>	<u>\$157,645</u>	<u>\$2,147,062</u>
<u>Business Type Activities</u>				
Compensated Absences Payable	\$41,930	\$0	\$181	\$41,749

B. Capital Assets

The district's net investment in capital assets decreased by \$272,647 during the fiscal year. This can be summarized as follows:

	Balance 7-1-05	Additions	Deductions	Balance 6-30-06
<u>Governmental Activities</u>				
Capital Assets - Net of Depreciation	<u>\$9,247,023</u>	<u>(\$943,901)</u>	<u>\$0</u>	<u>\$8,303,122</u>
<u>Business-Type Activities</u>				
Capital Assets - Net of Depreciation	<u>\$7,655,900</u>	<u>\$624,473</u>	<u>\$46,781</u>	<u>\$8,233,592</u>

Significant capital asset additions were the purchase of thirty buses and building renovations.

GENESEE INTERMEDIATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* Foundation Allowance

The Board of Education and Administration agreed to an estimate no revenue increase in Section 81 for the 06-07 fiscal year based on information received from various educational organizations such as Michigan Association of School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan and the gubernatorial election will all affect this estimate before the percentage increase is known.

* Retirement Rates

The continuing cost of health insurance to current and potential retirees continues to drive the rate increases the Michigan School Personnel Retirement System recommends to the legislature for approval. The rate is anticipated to increase to 17.74% in 06-07 from 16.34% in 05-06.

* The Genesee Intermediate School District 2006/2007 adopted budget is as follows:

	<u>General</u>	<u>Special</u>	<u>Career Tech</u>	<u>Total</u>
<u>REVENUE</u>	\$13,258,220	\$62,379,766	\$15,227,396	\$90,865,382
<u>EXPENDITURES</u>	<u>15,523,744</u>	<u>65,720,525</u>	<u>16,327,982</u>	<u>97,572,251</u>
<u>NET OVER (UNDER) BUDGET</u>	<u>(\$2,265,524)</u>	<u>(\$3,340,759)</u>	<u>(\$1,100,586)</u>	<u>(\$6,706,869)</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Genesee Intermediate School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Cynthia McCain
Executive Director of Finance
Genesee Intermediate School District
2413 West Maple Avenue, Flint, Michigan 48507-3493
Fax (810) 591-4864, Office Telephone (810) 591-4400
or Email - cmccain@geneseeisd.org

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$31,623,040	\$1,265,387	\$32,888,427
Investments	30,214	0	30,214
Taxes Receivable	22,109	0	22,109
Accounts Receivable	1,234,037	2,881,879	4,115,916
Due from Other Governmental Units	11,631,165	0	11,631,165
Inventory	12,489	0	12,489
Prepaid Expenses	209,562	146,100	355,662
Total Current Assets	<u>\$44,762,616</u>	<u>\$4,293,366</u>	<u>\$49,055,982</u>
<u>NON-CURRENT ASSETS</u>			
Capital Assets	20,737,894	14,396,968	35,134,862
Less: Accumulated Depreciation	<u>(12,434,772)</u>	<u>(6,163,376)</u>	<u>(18,598,148)</u>
Total Noncurrent Assets	<u>\$8,303,122</u>	<u>\$8,233,592</u>	<u>\$16,536,714</u>
<u>TOTAL ASSETS</u>	<u>\$53,065,738</u>	<u>\$12,526,958</u>	<u>\$65,592,696</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	3,920,481	243,777	4,164,258
Due to Other Governmental Units	439,094	0	439,094
Salaries Payable	2,088,651	0	2,088,651
Accrued Expenses	501,123	1,540	502,663
Deferred Revenue	810,227	0	810,227
Current Portion of Long-Term Obligations	728,673	0	728,673
Total Current Liabilities	<u>\$8,488,249</u>	<u>\$245,317</u>	<u>\$8,733,566</u>
<u>NON-CURRENT LIABILITIES</u>			
Noncurrent Portion of Long-Term Obligations	<u>1,418,389</u>	<u>41,749</u>	<u>1,460,138</u>
<u>TOTAL LIABILITIES</u>	<u>\$9,906,638</u>	<u>\$287,066</u>	<u>\$10,193,704</u>
<u>NET ASSETS</u>			
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	6,442,963	8,233,592	14,676,555
Restricted for Capital Projects	7,864,599	0	7,864,599
Unrestricted	<u>28,851,538</u>	<u>4,006,300</u>	<u>32,857,838</u>
<u>TOTAL NET ASSETS</u>	<u>\$43,159,100</u>	<u>\$12,239,892</u>	<u>\$55,398,992</u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction	\$18,962,783	\$0	\$0	(\$18,962,783)	\$0	(\$18,962,783)
Support Services	34,858,552	2,358,247	25,052,768	(7,447,537)	0	(7,447,537)
Community Services	362,216	0	0	(362,216)	0	(362,216)
Transfers to Local Districts	38,569,793	0	0	(38,569,793)	0	(38,569,793)
Food Service	35,599	38,025	0	2,426	0	2,426
Interest - Bonded Debt	68,739	0	0	(68,739)	0	(68,739)
Depreciation - Unallocated	539,494	0	0	(539,494)	0	(539,494)
Total Governmental Activities	\$93,397,176	\$2,396,272	\$25,052,768	(\$65,948,136)	\$0	(\$65,948,136)
Business-Type Activities:						
Local District Services	12,354,315	12,453,231	0	0	98,916	98,916
<u>TOTALS</u>	<u>\$105,751,491</u>	<u>\$14,849,503</u>	<u>\$25,052,768</u>	(\$65,948,136)	\$98,916	(\$65,849,220)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				39,484,991	0	39,484,991
State Aid				22,181,888	0	22,181,888
Grants and Contributions Not Restricted to						
Specific Programs				1,081,109	0	1,081,109
Investment Earnings				1,614,040	41,475	1,655,515
Miscellaneous				2,127,208	54,229	2,181,437
Internal Transfers				(2,683,571)	2,683,571	0
Total General Revenues and Transfers				\$63,805,665	\$2,779,275	\$66,584,940
Change in Net Assets				(\$2,142,471)	\$2,878,191	\$735,720
Net Assets - Beginning				45,301,571	9,361,701	54,663,272
<u>Net Assets - Ending</u>				<u>\$43,159,100</u>	<u>\$12,239,892</u>	<u>\$55,398,992</u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2006

	General Fund	Special Education Fund	Career Technical Education Fund
<u>ASSETS</u>			
Cash and Cash Equivalents	\$7,572,153	\$12,434,660	\$3,814,333
Investments	106	30,062	46
Property Taxes Receivable	1,052	15,042	6,015
Accounts Receivable	797,424	230,396	102,775
Due From Other Governmental Units	1,637,312	9,163,401	830,452
Due From Other Funds	0	2,124,939	101
Inventory	9,805	2,684	0
Prepaid Expenses	78,584	129,640	1,338
	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$10,096,436</u>	<u>\$24,130,824</u>	<u>\$4,755,060</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,324,184	\$2,465,805	\$98,218
Due to Other Governmental Units	15,580	328,316	95,198
Due to Other Funds	2,125,040	0	0
Salaries Payable	377,168	1,711,483	0
Accrued Expenses	90,539	410,584	0
Deferred Revenue	810,098	105	24
Total Liabilities	<u>\$4,742,609</u>	<u>\$4,916,293</u>	<u>\$193,440</u>
<u>FUND BALANCES</u>			
Reserved For:			
Inventory	9,805	2,684	0
Capital Projects	0	0	0
Unreserved:			
Undesignated, Reported In:			
General Fund	5,344,022	0	0
Special Education Fund	0	19,211,847	0
Career Technical Education Fund	0	0	4,561,620
Special Revenue Funds	0	0	0
Total Fund Balances	<u>\$5,353,827</u>	<u>\$19,214,531</u>	<u>\$4,561,620</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$10,096,436</u>	<u>\$24,130,824</u>	<u>\$4,755,060</u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2006

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances:	\$37,003,040
		Amounts reported for governmental activities in the statement of net assets are different because:	
\$7,801,894	\$31,623,040	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$20,737,894 and the accumulated depreciation is \$12,434,772	8,303,122
0	30,214		
0	22,109		
103,442	1,234,037		
0	11,631,165		
0	2,125,040	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
0	12,489		
0	209,562		
<u>\$7,905,336</u>	<u>\$46,887,656</u>	Bonds Payable	\$1,860,159
		Compensated Absences Payable	<u>286,903</u>
		Total Long-Term Liabilities	<u>(2,147,062)</u>
\$32,274	\$3,920,481	<u>TOTAL NET ASSETS -</u>	
0	439,094	<u>GOVERNMENTAL ACTIVITIES</u>	<u>\$43,159,100</u>
0	2,125,040		
0	2,088,651		
0	501,123		
0	810,227		
<u>\$32,274</u>	<u>\$9,884,616</u>		
0	12,489		
7,864,599	7,864,599		
0	5,344,022		
0	19,211,847		
0	4,561,620		
8,463	8,463		
<u>\$7,873,062</u>	<u>\$37,003,040</u>		
<u>\$7,905,336</u>	<u>\$46,887,656</u>		

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Special Education Fund	Career Technical Education Fund	Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$7,500,119	29,176,838	\$10,914,093	\$589,188
State Sources	5,460,858	15,251,702	2,354,784	221,227
Federal Sources	3,237,980	17,648,289	1,583,198	0
Total Revenues	\$16,198,957	\$62,076,829	\$14,852,075	\$810,415
<u>EXPENDITURES</u>				
Current:				
Instruction	1,985,171	15,500,971	799,080	0
Student Services	2,030,342	8,210,013	13,952	0
Instructional Staff	4,696,622	1,292,857	1,157,069	0
General Administration	853,788	497,259	78,789	0
School Administration	404,699	516,640	0	0
Business Administration	804,645	899,320	40,494	0
Operation & Maintenance of Plant	736,588	1,832,505	21,999	0
Transportation	141,256	4,875,668	491,908	0
Support Services - Other	3,175,151	863,912	54,322	0
Community Services	21,262	340,954	0	0
Food Service	0	0	0	35,599
Debt Retirement	0	0	0	221,227
Capital Outlay	0	0	0	1,034,540
Total Expenditures	\$14,849,524	\$34,830,099	\$2,657,613	\$1,291,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,349,433	\$27,246,730	\$12,194,462	(\$480,951)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Local Districts	(976,359)	(25,516,250)	(12,077,184)	0
Other Transfers	(98,403)	(218,924)	(95,198)	0
Transfers to Other Funds (Net)	(965,000)	(2,529,223)	(649,638)	1,460,290
Total Other Financing Sources (Uses)	(\$2,039,762)	(\$28,264,397)	(\$12,822,020)	\$1,460,290
Net Change in Fund Balance	(\$690,329)	(\$1,017,667)	(\$627,558)	\$979,339
<u>FUND BALANCE - BEGINNING</u>	6,044,156	20,232,198	5,189,178	6,893,723
<u>FUND BALANCE - ENDING</u>	\$5,353,827	\$19,214,531	\$4,561,620	\$7,873,062

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Total Governmental Funds	Total net change in fund balances - governmental funds	(\$1,356,215)
\$48,180,238	Amounts reported for governmental activities in the statement of	
23,288,571	activities are different because:	
22,469,467	Governmental funds report capital outlays as expenditures. However,	
\$93,938,276	in the statement of activities, the cost of those assets is allocated	
	over their estimated useful lives as depreciation expense. This is	
	the amount by which capital outlay exceeded depreciation in the	
	current period.	(943,902)
18,285,222	Repayment of bond principal is an expenditure in the governmental	
10,254,307	funds, but the repayment reduces long-term liabilities in the statement of	
7,146,548	net assets. This is the amount of repayments reported as expenditures	
1,429,836	in the governmental funds.	152,489
921,339		
1,744,459	(Increase) in accrued compensated absences	5,157
2,591,092		
5,508,832	<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>(\$2,142,471)</u>
4,093,385		
362,216		
35,599		
221,227		
1,034,540		
\$53,628,602		
\$40,309,674		
(38,569,793)		
(412,525)		
(2,683,571)		
(\$41,665,889)		
(\$1,356,215)		
38,359,255		
\$37,003,040		

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
AS OF JUNE 30, 2006

	<u>Local District Services</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$1,265,387
Accounts Receivable	2,881,879
Prepaid Expenses	146,100
Total Current Assets	<u>\$4,293,366</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets:	
Equipment	6,411,359
Buses	7,985,609
Less Accumulated Depreciation	<u>(6,163,376)</u>
Total Noncurrent Assets	<u>\$8,233,592</u>
<u>TOTAL ASSETS</u>	\$12,526,958
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$243,777
Salaries Payable	1,540
Total Current Liabilities	<u>\$245,317</u>
<u>NON-CURRENT LIABILITIES</u>	
Compensated Absences	41,749
Total Liabilities	<u>\$287,066</u>
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets - Net of Related Debt	8,233,592
Unrestricted	<u>4,006,300</u>
<u>TOTAL NET ASSETS</u>	<u>\$12,239,892</u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Local District Services</u>
<u>OPERATING REVENUES</u>	
Charges for Services	\$12,453,231
Other Miscellaneous Revenue	54,229
Total Operating Revenues	<u>\$12,507,460</u>
<u>OPERATING EXPENSES</u>	
Salaries & Wages	4,162,757
Employee Benefits	2,061,875
Purchased Services	1,997,709
Supplies & Materials	980,544
Capital Outlay	82,274
Other Expenses	1,440,531
Depreciation Expense	1,619,344
Total Operating Expenses	<u>\$12,345,034</u>
Operating Income	<u>\$162,426</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Earned	41,475
Loss on Sale of Assets	(9,281)
Total Nonoperating Revenues (Expenses)	<u>\$32,194</u>
<u>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>\$194,620</u>
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS</u>	
Transfers from Other Funds	2,683,571
Change in Net Assets	<u>\$2,878,191</u>
<u>NET ASSETS - BEGINNING</u>	<u>9,361,701</u>
<u>NET ASSETS - ENDING</u>	<u><u>\$12,239,892</u></u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Local District Services</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Local Districts	\$9,843,246
Receipts from Other Sources	54,229
Payments to Suppliers	(4,222,160)
Payments to Employees	(6,223,273)
Net Cash (Used In) Operating Activities	<u>(\$547,958)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Transfers from Other Funds	2,683,571
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchases of Capital Assets	(2,243,817)
Proceeds from Sale of Assets	37,500
Net Cash (Used In) Capital and Related Financing Activities	<u>(\$2,206,317)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	<u>41,475</u>
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(\$29,229)
<u>BALANCES - BEGINNING OF YEAR</u>	<u>1,294,616</u>
<u>BALANCES - END OF YEAR</u>	<u>\$1,265,387</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</u>	
<u>By Operating Activities</u>	
Operating Income	\$162,426
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation Expense	1,619,344
Change in Assets and Liabilities:	
Receivables	(2,609,985)
Prepays	200,307
Compensated Absences	(181)
Payables	<u>80,131</u>
Net Cash (Used In) Operating Activities	<u>(\$547,958)</u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2006

	<u>Trust & Agency</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$157,107</u>
<u>TOTAL ASSETS</u>	<u><u>\$157,107</u></u>
<u>LIABILITIES</u>	
Due to Student Groups	\$118,919
Due to Employee Groups	<u>38,188</u>
<u>TOTAL LIABILITIES</u>	<u><u>\$157,107</u></u>

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Local Sources	\$6,895,521	\$7,232,173	\$7,500,119	\$267,946
State Sources	4,899,444	5,549,029	5,460,858	(88,171)
Federal Sources	2,997,499	3,471,138	3,237,980	(233,158)
Total Revenues	\$14,792,464	\$16,252,340	\$16,198,957	(\$53,383)
<u>EXPENDITURES</u>				
Current:				
Instruction	1,749,764	2,075,729	1,985,171	90,558
Student Services	914,342	2,143,446	2,030,342	113,104
Instructional Staff	5,483,582	5,233,506	4,696,622	536,884
General Administration	1,754,916	917,188	853,788	63,400
School Administration	505,146	488,985	404,699	84,286
Business Administration	1,857,835	827,302	804,645	22,657
Operation & Maintenance of Plant	724,367	778,811	736,588	42,223
Transportation	128,252	149,579	141,256	8,323
Support Services - Other	2,744,207	3,279,663	3,175,151	104,512
Community Services	25,745	24,527	21,262	3,265
Total Expenditures	\$15,888,156	\$15,918,736	\$14,849,524	\$1,069,212
Excess of Revenues Over Expenditures	(\$1,095,692)	\$333,604	\$1,349,433	\$1,015,829
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	(1,207,000)	(2,085,918)	(2,039,762)	46,156
	(\$2,302,692)	(\$1,752,314)	(\$690,329)	\$1,061,985
<u>FUND BALANCE - BEGINNING</u>			6,044,156	
<u>FUND BALANCE - ENDING</u>			\$5,353,827	

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$29,289,075	\$29,950,480	\$29,176,838	(\$773,642)
State Sources	11,740,662	15,096,653	15,251,702	155,049
Federal Sources	17,504,411	17,961,416	17,648,289	(313,127)
Total Revenues	<u>\$58,534,148</u>	<u>\$63,008,549</u>	<u>\$62,076,829</u>	<u>(\$931,720)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	15,603,945	15,841,283	15,500,971	340,312
Student Services	8,698,094	8,355,963	8,210,013	145,950
Instructional Staff	1,285,393	1,394,328	1,292,857	101,471
General Administration	1,243,368	749,417	497,259	252,158
School Administration	585,210	521,316	516,640	4,676
Business Administration	736,370	899,244	899,320	(76)
Operation & Maintenance of Plant	2,030,857	1,990,813	1,832,505	158,308
Transportation	4,875,720	4,866,781	4,875,668	(8,887)
Support Services - Other	573,432	896,133	863,912	32,221
Community Services	352,050	254,172	340,954	(86,782)
Total Expenditures	<u>\$35,984,439</u>	<u>\$35,769,450</u>	<u>\$34,830,099</u>	<u>\$939,351</u>
Excess of Revenues Over Expenditures	<u>\$22,549,709</u>	<u>\$27,239,099</u>	<u>\$27,246,730</u>	<u>\$7,631</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(25,699,557)</u>	<u>(28,167,819)</u>	<u>(28,264,397)</u>	<u>(96,578)</u>
Net Change in Fund Balance	<u>(\$3,149,848)</u>	<u>(\$928,720)</u>	<u>(\$1,017,667)</u>	<u>(\$88,947)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>20,232,198</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$19,214,531</u>	

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAREER TECHNICAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$10,794,913	\$11,235,403	\$10,914,093	(\$321,310)
State Sources	2,154,278	2,289,952	2,354,784	64,832
Federal Sources	1,559,014	1,583,794	1,583,198	(596)
Total Revenues	<u>\$14,508,205</u>	<u>\$15,109,149</u>	<u>\$14,852,075</u>	<u>(\$257,074)</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	848,396	799,000	799,080	(80)
Student Services	1,500	14,000	13,952	48
Instructional Staff	3,928,398	1,195,870	1,157,069	38,801
General Administration	218,437	81,660	78,789	2,871
Business Administration	163,307	40,269	40,494	(225)
Operation & Maintenance of Plant	165,753	25,212	21,999	3,213
Transportation	60,000	500,000	491,908	8,092
Support Services - Other	158,807	65,194	54,322	10,872
Total Expenditures	<u>\$5,544,598</u>	<u>\$2,721,205</u>	<u>\$2,657,613</u>	<u>\$63,592</u>
Excess of Revenues Over Expenditures	<u>\$8,963,607</u>	<u>\$12,387,944</u>	<u>\$12,194,462</u>	<u>(\$193,482)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(9,686,171)</u>	<u>(13,205,700)</u>	<u>(12,822,020)</u>	<u>(383,680)</u>
Net Change in Fund Balance	<u>(\$722,564)</u>	<u>(\$817,756)</u>	<u>(\$627,558)</u>	<u>(\$577,162)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>5,189,178</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$4,561,620</u>	

See accompanying notes to the basic financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

1) DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The School District operates under a locally elected five-member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities which provides special education services and support services to the students of the twenty-one local educational agencies and chartered schools within its borders.

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Genesee Intermediate School District, this includes general operations, special education services, career technical education services, food service and student and supportive service activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Genesee Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below:

A) FUND ACCOUNTING

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Special Education Fund – The special education fund is used to account for financial resources to be used specifically for providing special education services to students within the School District.

Career Technical Education Fund - The career technical education fund is used to account for financial resources to be used specifically for providing vocational education services to students within the School District.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A) FUND ACCOUNTING (Continued)

Capital Projects Fund – The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

The other governmental funds (non-major funds) of the School District account for other resources whose use is restricted to a particular purpose.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise fund is:

Local District Services Fund – This fund accounts for a myriad of services provided to local school districts on a fee basis. The major fee for service activities are transportation services for special education and the county-wide interactive voice, data and video network (GENNET).

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The District's fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

B) BASIS OF PRESENTATION

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIS OF PRESENTATION (Continued)

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

C) BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available, means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available in advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. The long-term portion of the receivable for fees charged to local districts for the GENNET project have also been recorded as deferred revenue.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING (Continued)

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS (Continued)

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 10 years
Vehicles and Buses	5 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primary fees collected for providing transportation of special education students, fees collected for transportation of students in the Flint Community School Districts and fees collected for local district use of the GENNET interactive voice, data and video system.

N) CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

O) INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P) EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2006.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations – At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the District for these budgetary funds were adopted to the activity level.

During the year ended June 30, 2006, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

4) DEPOSITS AND INVESTMENTS

As of June 30, 2006, the District had the following investments.

<u>Investment Type</u>	<u>Fair value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
MILAF External Investment Pool - MICMS	<u>\$ 30,214</u>	0.0027	AAAm	<u>100.00%</u>

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2006, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2006, \$37,785,059 of the District's bank balance of \$37,985,277 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Governmental Funds	
Including Fiduciary Funds of \$157,107	\$ 31,780,147
Deposits – Proprietary Fund	1,265,387
Investments – Governmental Funds	<u>30,214</u>
<u>TOTAL</u>	<u>\$ 33,075,748</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

4) DEPOSITS AND INVESTMENTS (Continued)

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 157,107
Cash – District Wide – Governmental Funds	31,623,040
Cash – Proprietary Fund	1,265,387
Investments – District Wide – Governmental Funds	<u>30,214</u>
 <u>TOTAL</u>	 <u>\$ 33,075,748</u>

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

6) RECEIVABLES

Receivables at June 30, 2006, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 3,966,187
Federal Grants	7,510,034
Other Grant Programs & Fees	<u>154,944</u>
 <u>TOTAL GOVERNMENTAL ACTIVITIES</u>	 <u>\$ 11,631,165</u>

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2006, the School District had \$6,927 of estimated claims payable in conjunction with the program.

8) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2006.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$11,169,924	\$0	\$0	\$11,169,924
Land Improvements	988,954	456,968	0	1,445,922
Furniture and Equipment	7,234,702	55,972	0	7,290,674
Vehicles	878,483	42,171	89,280	831,374
Totals at Historical Cost	\$20,272,063	\$555,111	\$89,280	\$20,737,894
Less: Accumulated Depreciation				
Buildings and Improvements	(5,766,950)	(351,967)	0	(6,118,917)
Land Improvements	(115,598)	(134,545)	0	(250,143)
Furniture and Equipment	(4,531,249)	(955,567)	0	(5,486,816)
Vehicles	(611,243)	(56,933)	(89,280)	(578,896)
Total Accumulated Depreciation	<u>(\$11,025,040)</u>	<u>(\$1,499,012)</u>	<u>(\$89,280)</u>	<u>(\$12,434,772)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$9,247,023</u>	<u>(\$943,901)</u>	<u>\$0</u>	<u>\$8,303,122</u>
<u>BUSINESS - TYPE ACTIVITIES</u>				
Furniture and Equipment	\$6,283,616	\$127,743	\$0	\$6,411,359
Buses	6,163,454	2,116,074	293,919	7,985,609
Totals at Historical Cost	\$12,447,070	\$2,243,817	\$293,919	\$14,396,968
Less: Accumulated Depreciation				
Furniture and Equipment	(2,629,041)	(903,110)	0	(3,532,151)
Buses	(2,162,129)	(716,234)	(247,138)	(2,631,225)
Total Accumulated Depreciation	<u>(\$4,791,170)</u>	<u>(\$1,619,344)</u>	<u>(\$247,138)</u>	<u>(\$6,163,376)</u>
<u>BUSINESS - TYPE ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$7,655,900</u>	<u>\$624,473</u>	<u>\$46,781</u>	<u>\$8,233,592</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

	Governmental	Business – Type	TOTAL
Instruction	\$ 677,561	\$ 2,533	\$ 680,094
Support Services	281,957	1,616,811	1,898,768
Unallocated	539,494	0	539,494
<u>TOTAL DEPRECIATION EXPENSE</u>	<u>\$ 1,499,012</u>	<u>\$ 1,619,344</u>	<u>\$ 3,118,356</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

10) SELF INSURANCE POOL

The School District participates in a public entity risk pool (self-insurance pool) for its workers' compensation, property and casualty, general liability, and boiler insurance. The pool is through the MASB/SET/SEG and is administered by Corporate Services. The pool provides for reinsurance by various insurance companies at various levels, depending on the coverage. Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the MASB/SET/SEG has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years. Premiums for the year ended June 30, 2006 were \$343,098 and the School District received a dividend refund of \$98,794.

11) LONG-TERM LIABILITIES

A) Durant Resolution Package Bonds

Genesee Intermediate School District issued Durant Resolution Bonds on November 24, 1998 in the amount of \$3,150,338 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2006 was \$1,860,159.

B) Debt service requirements at June 30, 2006, were as follows:

Year Ended June 30,	<u>Governmental Activities - Durant Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$728,673	\$315,261	\$1,043,934
2008	167,356	53,874	221,230
2009	175,327	45,906	221,233
2010	183,666	37,558	221,224
2011	192,414	28,813	221,227
2012-2013	412,723	29,704	442,427
<u>TOTAL</u>	<u>\$1,860,159</u>	<u>\$511,116</u>	<u>\$2,371,275</u>

C) Changes in Long-Term Liabilities

	Balance			Balance	Amount Due
<u>Governmental Activities:</u>	July 1, 2005	Additions	Deductions	June 30, 2006	in One Year
Bonds Payable	\$2,012,647	\$0	\$152,488	\$1,860,159	\$728,673
Compensated Absences Payable	292,060	0	5,157	286,903	0
<u>Total Governmental Activities</u>	<u>\$2,304,707</u>	<u>\$0</u>	<u>\$157,645</u>	<u>\$2,147,062</u>	<u>\$728,673</u>
<u>Business Type Activities</u>					
Compensated Absences Payable	\$41,930	\$0	\$181	\$41,749	\$0

The payment dates of sick days payable are undeterminable. The interest expenditures on long-term obligations for the year were \$68,739 .

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

12) OPERATING LEASES

Genesee Intermediate School District has entered into several operating leases summarized below:

- A) The District entered into a lease with St. Agnes Parish for the use of the St. Agnes Convent. The lease, dated September 1, 2002, is for the term of five years. The building is being leased at a cost of \$44,907 per year, utilities included. The rent for each subsequent year shall be determined by Consumer Price Index. In addition a monthly service fee will be charged for the alarm system.
- B) The District entered into a lease agreement with NuWest Associates for the use of space in the Ballenger Point Shopping Center. The monthly rental amount was \$8,354 for three months and \$8,561 for nine months which includes the base rental and other charges. The lease term begins on October 1, 2003 and ends on September 30, 2006. There is an option to renew the lease after the original term has expired.

The future minimum payments are as follows:

2007	\$	70,647
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13) INTERFUND BALANCES

Interfund balances at June 30, 2006 consisted of the following:

DUE FROM			
DUE TO		Career Technical Education Fund	
			Total
General Fund	\$2,124,939	\$101	\$2,125,040

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2006, consisted of the following:

TRANSFERS FROM					
TRANSFERS TO		General	Special	Career	Capital
		Fund	Education	Technical	Projects
		Fund	Fund	Education	Fund
		Fund	Fund	Fund	Fund
		Fund	Fund	Fund	Fund
Capital Projects Fund	\$965,000	\$1,500,000	\$0	\$0	\$2,465,000
Enterprise Fund	0	1,029,223	649,638	1,004,710	2,683,571
<u>TOTAL</u>	\$965,000	\$2,529,223	\$649,638	\$1,004,710	\$5,148,571

Transfers were used to finance various capital projects accounted for in other funds in accordance with budgetary authorizations.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the MPERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 14.87 percent for the period July 1, 2005 through September 30, 2005 and 16.34 percent for the period October 1, 2005 through June 30, 2006 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS pension plan for the years ended June 30, 2006, 2005 and 2004 were \$4,630,473, \$3,830,068 and \$3,223,554, respectively.

Postemployment Benefits

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS pension plan discussed above.

16) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. The pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from significant adverse financial impact.

17) GOVERNMENTAL REGULATION

Substantially all of the school district's facilities are subject to federal, state and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the school district expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

18) CONTINGENCIES AND COMMITMENTS

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2006, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

19) SUBSEQUENT EVENTS

During September, 2006, the Board approved one building purchase and renovations to an existing building. The District purchased the building for \$800,000 with projected additional renovation costs of \$2,552,608 to be used as the Transition Center for adult special needs students. The District also approved \$7,330,000 in renovations over three years to the Marion D. Crouse Instructional Center.

OTHER SUPPLEMENTAL
INFORMATION

GENESEE INTERMEDIATE SCHOOL DISTRICT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2006

	School Service Fund	Durant Debt Fund	Capital Projects Funds	Total Other Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$9,968	\$0	\$7,791,926	\$7,801,894
Accounts Receivable	0	0	103,442	103,442
<u>TOTAL ASSETS</u>	<u>\$9,968</u>	<u>\$0</u>	<u>\$7,895,368</u>	<u>\$7,905,336</u>
<u>LIABILITIES</u>				
Accounts Payable	\$1,505	\$0	\$30,769	\$32,274
<u>FUND BALANCES</u>				
Reserved - Capital Projects	0	0	7,864,599	7,864,599
Unreserved:				
School Service Fund	8,463	0	0	8,463
Total Fund Balances	<u>\$8,463</u>	<u>\$0</u>	<u>\$7,864,599</u>	<u>\$7,873,062</u>
<u>TOTAL LIABILITIES FUND BALANCES</u>	<u>\$9,968</u>	<u>\$0</u>	<u>\$7,895,368</u>	<u>\$7,905,336</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	School Service Fund	Durant Debt Fund	Capital Projects Funds	Total Other Governmental Funds
<u>REVENUES</u>				
Local Sources	\$38,025	\$0	\$551,163	\$589,188
State Sources	<u>0</u>	<u>221,227</u>	<u>0</u>	<u>221,227</u>
Total Revenues	\$38,025	\$221,227	\$551,163	\$810,415
<u>OTHER FINANCING SOURCES</u>				
Transfers from Other Funds	<u>0</u>	<u>0</u>	<u>1,460,290</u>	<u>1,460,290</u>
Total Revenues and Other Financing Sources	\$38,025	\$221,227	\$2,011,453	\$2,270,705
<u>EXPENDITURES</u>				
Food Service	35,599	0	0	35,599
Debt Retirement				
Principal	0	152,488	0	152,488
Interest	0	68,739	0	68,739
Capital Outlay	<u>0</u>	<u>0</u>	<u>1,034,540</u>	<u>1,034,540</u>
Total Expenditures	<u>\$35,599</u>	<u>\$221,227</u>	<u>\$1,034,540</u>	<u>\$1,291,366</u>
Net Change in Fund Balance	\$2,426	\$0	\$976,913	\$979,339
<u>NET ASSETS - BEGINNING</u>	<u>6,037</u>	<u>0</u>	<u>6,887,686</u>	<u>6,893,723</u>
<u>NET ASSETS - ENDING</u>	<u>\$8,463</u>	<u>\$0</u>	<u>\$7,864,599</u>	<u>\$7,873,062</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2006

	<u>Durant</u>	<u>General Capital Projects</u>	<u>Career Tech Capital Projects</u>	<u>Special Ed Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$1,111,709	\$2,505,187	\$0	\$4,175,030	\$7,791,926
Accounts Receivable	0	103,442	0	0	103,442
<u>TOTAL ASSETS</u>	<u>\$1,111,709</u>	<u>\$2,608,629</u>	<u>\$0</u>	<u>\$4,175,030</u>	<u>\$7,895,368</u>
<u>LIABILITIES</u>					
Accounts Payable	\$0	\$8,100	\$0	\$22,669	\$30,769
<u>FUND EQUITY</u>					
Reserved - Capital Projects	1,111,709	2,600,529	0	4,152,361	7,864,599
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$1,111,709</u>	<u>\$2,608,629</u>	<u>\$0</u>	<u>\$4,175,030</u>	<u>\$7,895,368</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
CAPITAL PROJECTS FUND
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

	Durant	General Capital Projects	Career Tech Capital Projects	Special Ed Capital Projects	Total After Interfund Eliminations
<u>REVENUES</u>					
<u>Local Sources</u>					
Earnings on Investments & Deposits	\$0	\$99,320	\$0	\$120,637	\$219,957
USF Discounts	0	331,206	0	0	331,206
Total Revenues	\$0	\$430,526	\$0	\$120,637	\$551,163
<u>OTHER FINANCING SOURCES</u>					
Transfers from Other Funds	315,000	650,000	0	1,500,000	2,465,000
Total Revenues and Other Financing Sources	\$315,000	\$1,080,526	\$0	\$1,620,637	\$3,016,163
<u>EXPENDITURES</u>					
Purchased Services	400	65,998	0	230,952	297,350
Building and Grounds	0	3,869	0	452,206	456,075
Furniture and Equipment	20,511	107,242	0	153,362	281,115
Total Expenditures	\$20,911	\$177,109	\$0	\$836,520	\$1,034,540
<u>OTHER FINANCING USES</u>					
Transfer to Other Funds	0	0	1,004,710	0	1,004,710
Total Expenditures and Other Financing Uses	\$20,911	\$177,109	\$1,004,710	\$836,520	\$2,039,250
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>					
	\$294,089	\$903,417	(\$1,004,710)	\$784,117	\$976,913
<u>FUND BALANCE - BEGINNING OF YEAR</u>					
	817,620	1,697,112	1,004,710	3,368,244	\$6,887,686
<u>FUND BALANCE - END OF YEAR</u>					
	\$1,111,709	\$2,600,529	\$0	\$4,152,361	\$7,864,599

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES AND
OTHER FINANCING USES

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES FROM
Local Sources

Current Tax Levy	\$2,480,806
Payments in Lieu of Taxes	7,908
Earnings on Investments and Deposits	236,483
Fees	2,208
Other Local Grants	1,059,897
Mott Middle College	2,356,039
Miscellaneous	1,356,778
Total Local Sources	<u>\$7,500,119</u>

State Sources

Intermediate Districts - Section 81	4,139,132
Renaissance Zone - Section 26a	121,236
Bilingual Education - Section 41	12,506
Gifted and Talented - Section 57.3	1,950
Durant - Section 11F	315,034
Bus Driver Safety - Section 74	90,744
Math and Science - Section 99.1	131,432
Project Skip - Section 32b	313,417
Other State Grants	335,407
Total State Sources	<u>\$5,460,858</u>

Federal Sources

Bridges Plus	108,033
Title I Reg Assist	40,143
IASA Title V	91,228
Homeless Children and Youth	26,567
Title III Immigrant Education	38,200
Safe & Drug Free Learning	1,397,351
Safe and Drug-Free Schools	537,153
Reading First	40,000
Secondary Prevention	122,850
Other Federal Grants	447,829
MI Model Part for Character Education	8,175
Color Me Healthy	68,468
State Homeland Security	5,335
Emergency Management/Crisis Response	144,203
Math & Science Partnerships	157,847
Improving Teacher Quality	4,598
Total Federal Sources	<u>\$3,237,980</u>

TOTAL REVENUES
\$16,198,957

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
SPECIAL EDUCATION FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES FROM

Local Sources

Current Tax Levy	\$26,400,817
Payments in Lieu of Taxes	43,404
Earnings on Investments and Deposits	898,983
Miscellaneous	335,804
Contributions	20,712
Medicaid Fee-for-Service Program	1,476,618
Gifts, Grants and Bequests	500
Total Local Sources	<u>\$29,176,838</u>

State Sources

Special Education Foundation - Section 51a.2	5,279,387
Special Education - Section 51a	5,692,967
Court and State Agency Placed Pupils - Section 53a	5,774
School for the Deaf/Blind - Section 54	516,985
Special Education - Section 56	3,455,412
Center Program Fica/Retirement - Section 51a.8	301,177
Total State Sources	<u>\$15,251,702</u>

Federal Sources

IDEA Flowthrough	15,933,056
Enhancing Opportunities for Student with Disabilities	60,000
Preschool Incentive	518,000
Transition Services	61,207
Infant and Toddler Formula	550,084
Medicaid Administrative Outreach Claims	396,345
Workforce Investment Act	129,597
Total Federal Sources	<u>\$17,648,289</u>

TOTAL REVENUES

\$62,076,829

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2006

REVENUES FROM
Local Sources

Current Tax Levy	\$10,534,699
Payments in Lieu of Taxes	17,357
Earnings on Investments and Deposits	258,617
Miscellaneous	103,420
Total Local Sources	<u>\$10,914,093</u>

State Sources

Career Technical Education Administration - Section 61a.2	229,978
Career Technical Education Millage Equalization - Section 62	2,124,806
Total State Sources	<u>\$2,354,784</u>

Federal Sources

Secondary Regional Allocation	1,341,319
Tech Prep Education	241,879
Total Federal Sources	<u>\$1,583,198</u>

TOTAL REVENUES
\$14,852,075

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

INSTRUCTION

Salaries - Professional	\$1,268,618
Salaries - Non-Professional	73,101
Insurances	232,879
Fica, Retirement, Etc.	325,429
Purchased Services	26,997
Supplies & Materials	58,147
Total Instruction	<u>\$1,985,171</u>

SUPPORT SERVICESSTUDENT SERVICES

Salaries - Professional	1,214,567
Salaries - Non-Professional	137,662
Insurances	122,013
Fica, Retirement, Etc.	316,974
Other Benefits	750
Purchased Services	155,895
Supplies & Materials	82,481
Total Student Services	<u>\$2,030,342</u>

INSTRUCTIONAL STAFF

Salaries - Professional	1,320,865
Salaries - Non-Professional	505,286
Insurances	429,291
Fica, Retirement, Etc.	448,276
Other Benefits	5,707
Purchased Services	1,355,643
Supplies & Materials	471,379
Capital Outlay	50,106
Other	110,069
Total Instructional Staff	<u>\$4,696,622</u>

GENERAL ADMINISTRATION

Salaries - Professional	385,217
Salaries - Non-Professional	111,065
Insurances	52,892
Fica, Retirement, Etc.	101,734
Purchased Services	136,305
Supplies & Materials	33,111
Other	33,464
Total General Administration	<u>\$853,788</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

SUPPORT SERVICES (Continued)SCHOOL ADMINISTRATION

Salaries - Professional	\$94,464
Salaries - Non-Professional	71,203
Insurances	52,540
Fica, Retirement, Etc.	45,796
Purchased Services	31,589
Supplies & Materials	105,856
Other	3,251
Total School Administration	<u>\$404,699</u>

BUSINESS ADMINISTRATION

Salaries - Professional	155,457
Salaries - Non-Professional	305,856
Insurances	95,667
Fica, Retirement, Etc.	108,879
Other Benefits	1,206
Purchased Services	99,824
Supplies & Materials	4,126
Capital Outlay	487
Other	33,143
Total Business Administration	<u>\$804,645</u>

OPERATION & MAINTENANCE OF PLANT

Salaries - Non-Professional	170,563
Insurances	36,406
Fica, Retirement, Etc.	49,757
Purchased Services	286,319
Supplies & Materials	193,543
Total Operation & Maintenance of Plant	<u>\$736,588</u>

TRANSPORTATION

Salaries - Professional	45,901
Salaries - Non-Professional	2,444
Insurances	17,867
Fica, Retirement, Etc.	11,523
Purchased Services	56,827
Supplies & Materials	5,310
Capital Outlay	1,379
Other	5
Total Transportation	<u>\$141,256</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

SUPPORT SERVICES (Continued)

OTHER SUPPORT SERVICES

Salaries - Professional	\$428,023
Salaries - Non-Professional	714,629
Insurances	239,376
Fica, Retirement, Etc.	264,360
Other Benefits	1,175
Purchased Services	1,408,118
Supplies & Materials	13,062
Capital Outlay	50,860
Other	55,548
Total Other Support Services	<u>\$3,175,151</u>

Total Support Services	\$12,843,091
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COMMUNITY SERVICES

Supplies & Materials	18,287
Other	2,975
Total Community Services	<u>\$21,262</u>

Total Expenditures	\$14,849,524
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OTHER FINANCING USES

Transfers to Other Districts	976,359
Transfers to Other Funds	965,000
Other Transfers	15,580
Capital Improvement	82,823
Total Other Financing Uses	<u>\$2,039,762</u>

<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u><u>\$16,889,286</u></u>
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GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
SPECIAL EDUCATION FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

INSTRUCTION

Salaries - Professional	\$5,207,404
Salaries - Non-Professional	4,755,234
Insurances	2,743,992
Fica, Retirement, Etc.	2,373,022
Other Benefits	36,009
Purchased Services	58,734
Supplies & Materials	182,565
Capital Outlay	141,375
Other	2,636
Total Instruction	<u>\$15,500,971</u>

SUPPORT SERVICESSTUDENT SERVICES

Salaries - Professional	4,647,062
Salaries - Non-Professional	653,506
Insurances	1,180,719
Fica, Retirement, Etc.	1,258,840
Other Benefits	1,737
Purchased Services	234,643
Supplies & Materials	163,728
Capital Outlay	69,128
Other	650
Total Student Services	<u>\$8,210,013</u>

INSTRUCTIONAL STAFF

Salaries - Professional	179,187
Salaries - Non-Professional	221,814
Insurances	120,271
Fica, Retirement, Etc.	91,668
Other Benefits	2,246
Purchased Services	515,130
Supplies & Materials	132,684
Capital Outlay	29,857
Total Instructional Staff	<u>\$1,292,857</u>

GENERAL ADMINISTRATION

Salaries - Professional	58,212
Salaries - Non-Professional	65,162
Insurances	34,344
Fica, Retirement, Etc.	29,802
Purchased Services	309,542
Supplies & Materials	121
Other	76
Total General Administration	<u>\$497,259</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
SPECIAL EDUCATION FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

SUPPORT SERVICES (Continued)

SCHOOL ADMINISTRATION

Salaries - Professional	\$362,824
Insurances	62,594
Fica, Retirement, Etc.	86,249
Purchased Services	2,960
Supplies & Materials	1,431
Other	582
Total School Administration	<u>\$516,640</u>

BUSINESS ADMINISTRATION

Salaries - Professional	120,383
Salaries - Non-Professional	358,638
Insurances	87,289
Fica, Retirement, Etc.	113,087
Other Benefits	2,186
Purchased Services	201,966
Supplies & Materials	4,686
Other	11,085
Total Business Administration	<u>\$899,320</u>

OPERATION & MAINTENANCE OF PLANT

Salaries - Non-Professional	528,202
Insurances	166,903
Fica, Retirement, Etc.	153,403
Purchased Services	577,036
Supplies & Materials	406,961
Total Operation & Maintenance of Plant	<u>\$1,832,505</u>

TRANSPORTATION

Purchased Services	4,871,782
Supplies & Materials	3,886
Total Transportation	<u>\$4,875,668</u>

OTHER SUPPORT SERVICES

Salaries - Professional	285,704
Salaries - Non-Professional	241,208
Insurances	98,994
Fica, Retirement, Etc.	125,946
Purchased Services	62,003
Supplies & Materials	10,699
Other	39,358
Total Other Support Services	<u>\$863,912</u>

Total Support Services	\$18,988,174
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GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
SPECIAL EDUCATION FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

COMMUNITY SERVICES

Purchased Services	<u>\$340,954</u>
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Total Expenditures	\$34,830,099
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OTHER FINANCING USES

Transfers to Other Districts	25,516,250
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Transfers to Other Funds	2,529,223
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Other Transfers	218,427
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Capital Improvement	<u>497</u>
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Total Other Financing Uses	<u>\$28,264,397</u>
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TOTAL EXPENDITURES AND OTHER FINANCING USES

	<u>\$63,094,496</u>
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GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

INSTRUCTION

Purchased Services	\$799,080
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SUPPORT SERVICESSTUDENT SERVICES

Purchased Services	10,917
Supplies & Materials	3,035
Total Student Services	\$13,952

INSTRUCTIONAL STAFF

Salaries - Professional	257,612
Salaries - Non-Professional	40,202
Insurances	59,034
Fica, Retirement, Etc.	70,923
Other Benefits	1,748
Purchased Services	674,090
Supplies & Materials	48,312
Capital Outlay	3,481
Other	1,667
Total Instructional Staff	\$1,157,069

GENERAL ADMINISTRATION

Salaries - Professional	23,919
Salaries - Non-Professional	14,110
Insurances	6,010
Fica, Retirement, Etc.	8,936
Purchased Services	25,791
Other	23
Total General Administration	\$78,789

BUSINESS ADMINISTRATION

Salaries - Professional	4,792
Salaries - Non-Professional	16,252
Insurances	1,379
Fica, Retirement, Etc.	5,259
Other Benefits	77
Purchased Services	7,284
Supplies & Materials	1,366
Other	4,085
Total Business Administration	\$40,494

OPERATION & MAINTENANCE OF PLANT

Salaries - Non-Professional	8,341
Insurances	1,367
Fica, Retirement, Etc.	2,817
Purchased Services	4,511
Supplies & Materials	4,963
Total Operation & Maintenance of Plant	\$21,999

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2006

<u>SUPPORT SERVICES</u> (Continued)	
<u>TRANSPORTATION</u>	
Purchased Services	\$491,908
<u>OTHER SUPPORT SERVICES</u>	
Salaries - Professional	22,522
Salaries - Non-Professional	14,358
Insurances	2,780
Fica, Retirement, Etc.	4,660
Purchased Services	8,552
Supplies & Materials	1,391
Other	59
Total Other Support Services	<u>\$54,322</u>
Total Support Services	<u>\$1,858,533</u>
Total Expenditures	\$2,657,613
<u>OTHER FINANCING USES</u>	
Transfers to Other Districts	12,077,184
Transfers to Other Funds	649,638
Other Transfers	95,198
Total Other Financing Uses	<u>\$12,822,020</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u><u>\$15,479,633</u></u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - OTHER GROUPS
FOR THE YEAR ENDED JUNE 30, 2006

	Due to (From) Other Groups July 1, 2005	Receipts	Disbursements	Due to (From) Other Groups June 30, 2006
<u>LEARNING CENTER ACTIVITIES</u>				
Alumni Party	\$495	\$304	\$666	\$133
Boxtops for Education	598	0	172	426
Camping	719	4,714	4,033	1,400
Cartridges	849	965	0	1,814
Cheerleaders	955	222	402	775
Christmas	1	0	0	1
Donations	9,736	2,635	5,480	6,891
Earth Day	554	0	0	554
Formal Wear	25	0	0	25
Graduation	576	2,138	1,783	931
Music	7	533	533	7
Phys Ed	288	0	0	288
Physical Therapy	482	0	0	482
Prom	86	3,023	2,595	514
Room & Building Accounts	3,450	5,092	5,109	3,433
S.K.I.P.	588	0	245	343
Senior Trip	6,191	7,757	5,295	8,653
Student Council	807	7	0	814
Volkman Memorial	2,035	1	243	1,793
Total Learning Center Activities	\$28,442	\$27,391	\$26,556	\$29,277
<u>MCIC ACTIVITIES</u>				
Bowling	165	0	140	25
Donations	7,942	2,253	1,938	8,257
Ellison	1	0	0	1
Fundraisers	23,122	17,060	20,489	19,693
Graduation	23	0	0	23
Homecoming	217	0	0	217
Music	215	0	100	115
Playgrounds	17,691	0	0	17,691
Popcorn	100	0	0	100
Rembcom	432	7,333	7,400	365
Rooms	2,732	6,322	3,433	5,621
School Store	1,181	136	475	842
Special Olympics	2,351	2,799	2,032	3,118
Speech	893	0	21	872
Student Portfolios	485	0	0	485
Summer Carnival	227	2,500	2,254	473
Swimming	216	0	0	216
TPA	839	2,304	2,777	366
Wellness - HR	726	398	398	726
Total MCIC Activities	\$59,560	\$41,105	\$41,457	\$59,208

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - OTHER GROUPS
FOR THE YEAR ENDED JUNE 30, 2006

	Due to (From) Other Groups July 1, 2005	Receipts	Disbursements	Due to (From) Other Groups June 30, 2006
<u>MOTT MIDDLE COLLEGE</u>				
Band CD	\$730	\$514	\$759	\$485
Band Trip	0	587	132	455
Cedar Point Trip	90	3,854	3,354	590
Community Service	37	0	0	37
Conference	1,765	0	0	1,765
Environmental Club	103	0	0	103
Excel Class	19	0	0	19
Field Trip	267	0	267	0
Field Trip #2	20	0	0	20
Holocaust Class	488	5,745	5,995	238
Lit Magazine	23	0	0	23
Medieval	68	0	0	68
Mike Alexander Memorial Fund	75	0	0	75
Parent Organization	1,354	853	1,250	957
Prom Account	1,326	228	300	1,254
Senior Scholarship	1,052	0	500	552
Senior Class	5	2,517	2,125	397
Stratford	1	982	915	68
Steel Drum	716	2,999	2,078	1,637
Tuition	8	139	138	9
Yearbook	1,875	1,091	2,370	596
Total Mott Middle College	\$10,022	\$19,509	\$20,183	\$9,348
<u>EARLY CHILDHOOD PROGRAMS</u>				
Clothing Sales	1,144	977	664	1,457
Fundraiser	127	1,117	449	795
Raffle	809	5,798	5,708	899
Rooms	2,657	9,773	6,687	5,743
Snack Sales	135	129	0	264
Total Early Childhood Programs	\$4,872	\$17,794	\$13,508	\$9,158
<u>PAC LIBRARY MATERIALS</u>	235	723	541	417
<u>BUS SVC ENHANCE</u>	348	0	0	348
<u>VISION REIMBURSEMENT</u>	33,959	79,697	75,671	37,985
<u>MEDICAL REIMBURSEMENT</u>	203	0	0	203

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
TRUST AND AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - OTHER GROUPS
FOR THE YEAR ENDED JUNE 30, 2006

	Due to (From) Other Groups July 1, 2005	Receipts	Disbursements	Due to (From) Other Groups June 30, 2006
<u>COUNTRY CRAFTERS FAIR</u>				
Carman Ainsworth	\$0	\$614	\$455	\$159
Carter	0	1,004	736	268
Clio	0	1,288	935	353
Columbiaville	0	41	0	41
Cook	0	265	254	11
DTM	0	588	454	134
Garner	0	533	67	466
Gates	0	642	551	91
Grand Blanc Middle	0	697	566	131
Lake Fenton	0	446	296	150
McKinley	0	523	429	94
Music	0	483	382	101
Northern	0	824	719	105
Perry Center	0	425	289	136
Physical Therapy	0	530	336	194
Reid	0	897	481	416
Misc.	0	35,913	31,311	4,602
Rankin	0	453	396	57
Room and Building Accounts	0	19,916	16,262	3,654
Total Country Crafters Fair	<u>\$0</u>	<u>\$66,082</u>	<u>\$54,919</u>	<u>\$11,163</u>
<u>TOTAL TRUST AND AGENCY FUNDS</u>	<u>\$137,641</u>	<u>\$252,301</u>	<u>\$232,835</u>	<u>\$157,107</u>

GENESEE INTERMEDIATE SCHOOL DISTRICT - FLINT, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
AS OF JUNE 30, 2006

1998 DURANT RESOLUTION PACKAGE BONDS

DATE OF ISSUE - November 24, 1998

Original amount of issue - \$3,150,338

	PRINCIPAL REQUIREMENT	INTEREST RATE	INTEREST REQUIREMENT	TOTAL FISCAL YEAR REQUIREMENTS
<u>PAYMENT DATE - MAY 15TH</u>				
2007	\$728,673	4.761353%	\$315,261	\$1,043,934
2008	167,356	4.761353%	53,874	221,230
2009	175,327	4.761353%	45,906	221,233
2010	183,666	4.761353%	37,558	221,224
2011	192,414	4.761353%	28,813	221,227
2012	201,564	4.761353%	19,651	221,215
2013	211,159	4.761353%	10,053	221,212
<u>TOTAL</u>	<u>\$1,860,159</u>		<u>\$511,116</u>	<u>\$2,371,275</u>